

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-10 ISO-00 AID-05 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 L-02 H-02 PA-02 PRS-01 USIA-15 /111 W

----- 082467

R 170405Z DEC 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 6771

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION OECD PARIS

AMCONSUL HONG KONG

UNCLAS TOKYO 16369

PASS TREASURY, CEA AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: REVISED GOJ ECONOMIC OUTLOOK JFY 1974

REF: A. TOKYO A-79; B. TOKYO 63

1. GOJ HAS ISSUED A REVISED ECONOMIC OUTLOOK FOR JFY 1974. IN CONTRAST TO THE ORIGINAL EXPECTATION THAT REAL GNP WOULD RISE BY 2.5 PERCENT, THE REVISED OUTLOOK NOW EXPECTS A DECLINE OF BETWEEN 1 AND 2 PERCENT. THE IMPLICATION IS THAT DURING THE SECOND HALF OF THE FISCAL YEAR REAL GNP SHOULD INCREASE OVER THE FIRST HALF AND THE RATE OF INFLATION SHOULD CONTINUE TO RECEDE. THE OFFICIAL OUTLOOK FOR THE NEXT FISCAL YEAR IS DUE TO BE RELEASED IN EARLY JAN IN CONJUNCTION WITH PRESENTATION OF THE JFY 1975 BUDGET.

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2. OFFICIAL GOJ RELEASE EMPHASIZES: (A) GOVERNMENT WILL

MAINTAIN DEMAND RESTRICTIVE POLICY SO AS TO REDUCE INCREASES IN CONSUMER PRICES TO LESS THAN 15 PERCENT OVER THE YEAR EARLIER IN THE LAST QUARTER OF THE FISCAL YEAR (I.E., JAN-MAR 1975); (B) REFLECTING THE THIRIFTY ATTITUDE OF CONSUMERS, PERSONAL CONSUMPTION IS ESTIMATED TO INCREASE BY ABOUT 24 PERCENT IN SPITE OF LARGE WAGE INCREASES; AND (C) IN THE FIRST HALF OF THE FISCAL YEAR PRIVATE INVENTORY INVESTMENT INCREASED VERY SHARPLY; THEREAFTER INVENTORY ADJUSTMENTS WILL TAKE PLACE (FIGURES BELOW INDICATE INVESTMENT OF 4,000 BIL YEN FOR FULL FISCAL YEAR IN COMPARISON WITH 10,500 BIL YEN DURING FIRST HALF SUGGESTS INVENTORY DISINVESTMENT DURING SECOND HALF EQUIVALENT TO ABOUT 0.5 PERCENT NOMINAL GNP).

3. IN OFFICIAL RELEASE REVISED ESTIMATES PREFACED WITH WORD "ABOUT" AND ARE SHOWN IN COLUMN B BELOW. COLUMN A SHOWS ORIGINAL ESTIMATES REPORTED IN REF A AND B. COLUMN C SHOWS CUMULATIVE RESULTS TO DATE AS PERCENT OF ANNUAL VALUES FOR JFY 1973; GNP FIGURES BASED ON FIRST HALF, BALANCE OF PAYMENTS THROUGH NOV AND OTHER DATA AS NOTED.

#### 4. DOMESTIC ECONOMY

PERCENT CHANGE JFY 74/73

	A ORIGINAL	B REVISED	C TO DATE
	(ABOUT)		
GNP REAL	2.5	MINUS 1	TO 2 MINUS 2.7
GNP NOMINAL			
	12.9	19	13.9
CONSUMPTION	17.0	24	17.9
PLANT & EQUIPMENT			
INVESTMENT	10.3	11	6.9
INVENTORY INVESTMENT			
(IN BIL YEN)	1,600	4,000	10,456
GOVERNMENT EXPENDITURE	14.9	25	26.2
FOREIGN BALANCE (NATIONAL			
ACCOUNTS) IN BIL YEN	0	MINUS 1,000	MINUS 1,708
INDUSTRIAL PRODUCTION	1.0	MINUS 4	MINUS 3.9 OCT

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WPI ANNUAL AVERAGE	14.6	25
WPI END OF JFY	4.8	10 5.5 OCT
CPI ANNUAL AVERAGE	9.6	22
CPI END OF JFY	5.2	15 8.4 SEPT

#### 5. BALANCE OF PAYMENTS IN BIL DOL

SEASONALLY

ADJUSTED

8 MONTHS

	ORIGINAL	REVISED	APRIL-NOV
CURRENT ACCOUNT	MINUS 0.45	MINUS 2.5	MINUS 1.9
TRADE BALANCE	3.4	3.9	2.4
EXPORTS	47.1	58.2	38.5
IMPORTS	MINUS 43.7	MINUS 54.3	MINUS 36.1
BASIC BALANCE	MINUS 4.85	MINUS 5.5	MINUS 3.9
HODGSON			

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GNP, INFLATION, ECONOMIC PROGRAMS, ECONOMIC ESTIMATES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 17 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974TOKYO16369  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740366-0478  
**From:** TOKYO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19741227/aaaaaxgr.tel  
**Line Count:** 123  
**Locator:** TEXT ON-LINE, ON MICROFILM  
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**Previous Handling Restrictions:** n/a  
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EO Systematic Review  
30 JUN 2005

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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REVISED GOJ ECONOMIC OUTLOOK JFY 1974  
**TAGS:** EFIN, JA  
**To:** STATE  
**Type:** TE  
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